

ORIGINAL

Decision 88 04 072 APR 27 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS & ELECTRIC )  
 COMPANY for an Order Confirming PG&E's )  
 appointments of three Noncompany Nomi- )  
 nees to their Nuclear Decommissioning )  
 Trust Fund Committee for Qualified )  
 and Non Qualified Trust Funds. )  
 (U 39-M) )

Application 88-03-015  
 (Filed March 7, 1988)

## O P I N I O N

Summary of Decision

This decision grants Pacific Gas & Electric Company (PG&E) the authority requested in its application that the Commission confirm the appointment of three noncompany members to its nuclear decommissioning trust fund management committee (Committee). PG&E has two Master Trust Agreements (Trusts) for its ownership interests in three nuclear units, two at the Diablo Canyon Nuclear Power Plant (Diablo) and Humboldt Bay Nuclear Power Plant (Humboldt). Further information on these units and their decommissioning costs included in rates is in Decision 87-05-062.

On November 25, 1987 PG&E's Trusts were approved by this Commission in Resolution E-3048. As a part of that approval, PG&E was required to appoint three members from outside of the company to membership on the Trusts' Committees. By this application PG&E seeks the required Commission confirmation of three persons who will serve on a joint committee for both Trusts. These

appointments have been reviewed by the Commission Advisory & Compliance Division (CACD) and it concurs in PG&E's appointments. Notice of the filing of the application appeared on the Commission's Daily Calendar of March 11, 1988. No protests have been received.

PG&E, a California corporation, operates as a public utility under the jurisdiction of this Commission. PG&E generates, purchases, transmits, distributes and sells electric energy and natural gas in portions of Central and Northern California.

Description of the Authority

The application indicates the purpose of the application is to confirm the noncompany members to a combined trust Committee. The three are John J. Balles, Donald D. Doyle and Raymond E. Miles. In addition, as provided in the Trusts, PG&E is appointing as Company members of the Committee Stanley T. Skinner, Vice-Chairman and Gordon R. Smith, Vice-President, Finance and Rates. All appointments are for the maximum term of five years although the Commission has the authority to remove any member, including company members, at any time.

The CACD has reviewed the information provided by PG&E with this application and has also conducted personal interviews with the three noncompany nominees and recommends to the Commission that all three nominees merit confirmation noting that they are all well qualified and willing to serve. PG&E has made a serious effort to obtain very competent and reliable individuals who are willing to devote the time and effort necessary to help assure the success of the Trusts.

PG&E proposes to compensate only the noncompany members of the Committee with annual fees of \$8,000 and \$500 per meeting. The CACD has reviewed this compensation and believes that it should be approved by the Commission. The CACD notes that these fees are consistent with those of Southern California Edison Company (Edison) who will have similar sized trust funds and a little higher than San Diego Gas and Electric Company's (SDG&E), who will have far smaller trust funds.

PG&E will also provide an indemnification for the noncompany members, rather than by an addition to its existing Directors and Officers liability insurance coverage. Edison chose to use insurance (D. 88-03-077) but PG&E feels that the cost is too high compared to the perceived risk. PG&E proposes to seek prospective recovery in its subsequent general rate proceedings in the event of a liability arising from the indemnity. CACD recommends that PG&E be placed on notice by this decision that the actual costs of such indemnification will be subject to review in a general rate proceeding and that this decision does not imply the assurance of recovery from ratepayers. The CACD does recognize that some form of insurance or indemnification by PG&E or the Trust would probably be necessary in order to obtain members from the public to serve on the Committee.

The use of a joint Committee for the two Master Trusts has been considered by the CACD and it has no objections, noting that the fees and expenses will be allocated between the two trusts.

Findings of Fact

1. PG&E, a California corporation, operates as a public utility subject to the jurisdiction of this Commission.
2. There is no known opposition and there is no reason to delay granting the authority ex parte, as requested.
3. PG&E nominates John J. Balles, Donald D. Doyle and Raymond E. Miles as the noncompany Committee members of the Nuclear Decommissioning Trust Committee for both the Qualified and Nonqualified Trusts.
4. The CACD has found Balles, Doyle and Miles to be well qualified and willing to serve on the Committees.
5. PG&E proposes fees of \$8,000 per year and \$500 per meeting for the noncompany Committee members with no compensation by the Trust of the two PG&E officers on the Committees. These are consistent with Edison and SDG&E fees.
6. PG&E will provide indemnification for the noncompany members of the Committee not associated with the company. PG&E will provide the indemnification and will seek recovery in its subsequent general rate proceedings in the event of a liability.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows. The following order should be effective five days after the date signed.

**ORDER**

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to appoint to its Nuclear Decommissioning Committees noncompany members as follows:

a. John J. Balles, Donald D. Doyle and Raymond E. Miles are confirmed to each serve a five year term as a noncompany member of PG&E's Qualified and Nonqualified Nuclear Decommissioning Trust Committees.

b. The fees to noncompany members are reasonable as defined in this decision and require Commission authority to be altered. These fees are to be allocated between all of PG&E's Nuclear Decommissioning Trusts.

2. This application is granted as set forth above.

This order becomes effective five (5) days from today.

Dated APR 27 1988, at San Francisco, California.

**STANLEY W. HULETT**  
President  
**DONALD VIAL**  
**FREDERICK R. DUDA**  
**G. MITCHELL WILK**  
**JOHN B. OHANIAN**  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

*Victor Weissen*  
Victor Weissen, Executive Director  
AB

Decision 88 04 072 APR 27 1988

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS & ELECTRIC )  
COMPANY for an Order Confirming PG&E's )  
appointments of three Noncompany Nomi- )  
nees to their Nuclear Decommissioning )  
Trust Fund Committee for Qualified and )  
NonQualified and NonQualified Trust )  
Funds. )

Application 88-03-015  
(Filed March 7, 1988)

(U 39-M)

**O P I N I O N**

Summary of Decision

This decision grants Pacific Gas & Electric Coppany (PG&E) the authority requested in its application that the Commission confirm the appointment of three noncompany members to its nuclear decommissioning trust fund management committee (Committee). PG&E has two Master Trust Agreements (Trusts) for its ownership interests in three nuclear units, two at the Diablo Canyon Nuclear Power Plant (Diablo) and Humboldt Bay Nuclear Power Plant (Humboldt). Further information on these units and their decommissioning costs included in rates is in Decision 87-05-062.

On November 25, 1987 PG&E's Trusts were approved by this Commission in Resolution E-3048. As a part of that approval, PG&E was required to appoint three members from outside of the company to membership on the Trusts' Committees. By this application PG&E seeks the required Commission confirmation of three persons who will serve on a joint committee for both Trusts. These